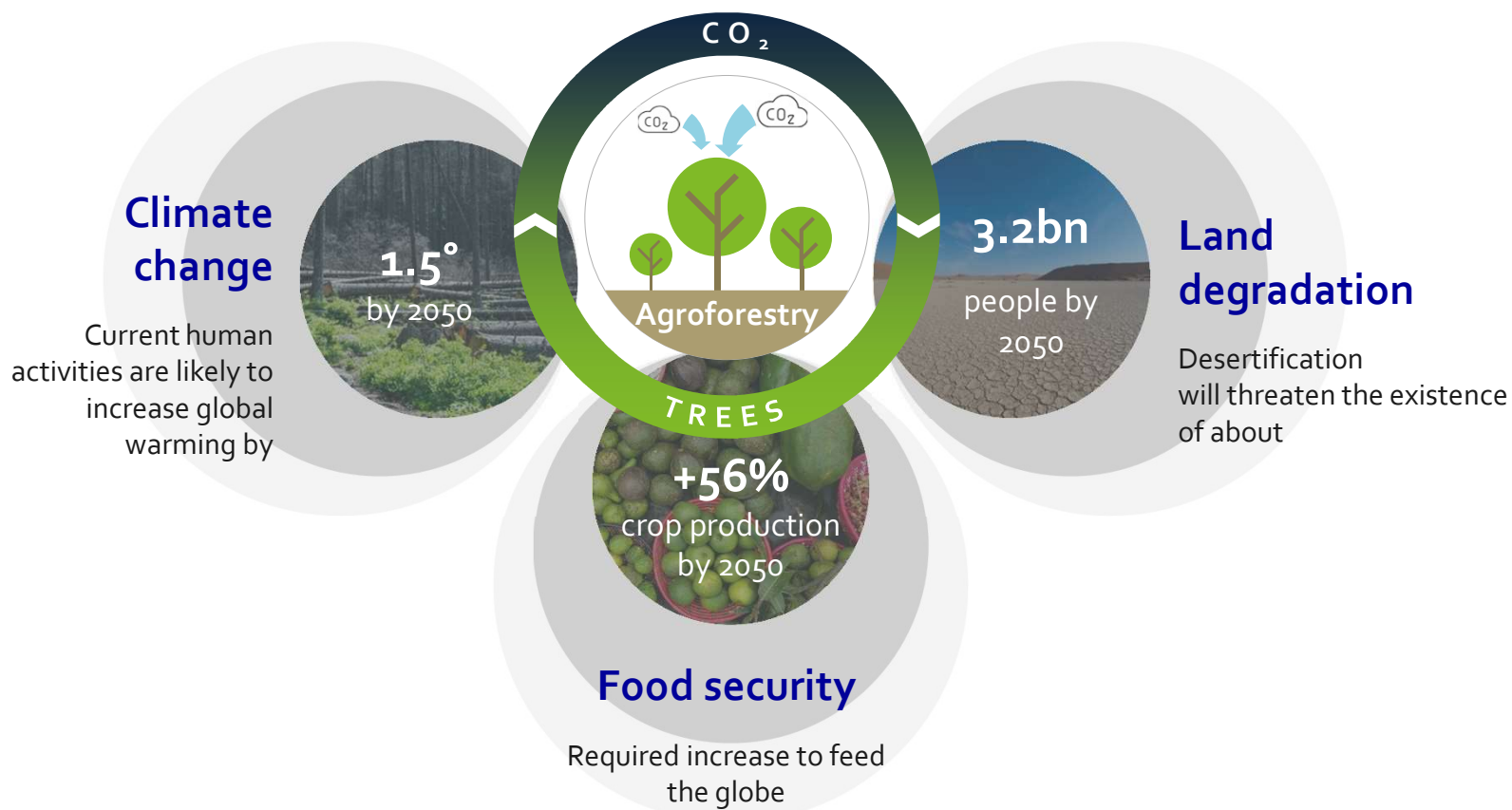


Acorn

Agroforestry Carbon Removal Units (CRUs)
for the Organic Restoration of Nature

Our mission is to combat climate change, land degradation and increase food security through unlocking the voluntary carbon market for smallholder farmers

W H Y



Source: FAO, IPBES, IPCC, WRI

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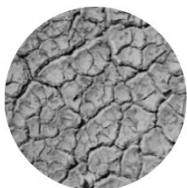
Acorn aims to support smallholder farmers to make the transition to agroforestry given its versatile benefits

HOW

Monoculture agriculture:

- Depleting soil
- Sensitive to climate change
- Low nutrient diversity
- Low yield per ha
- Income depends on single crop type
- Deforestation

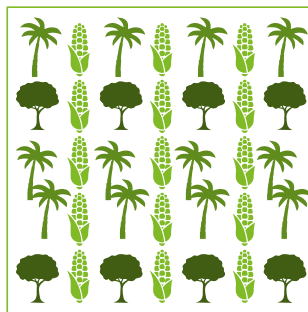
Lower investment costs



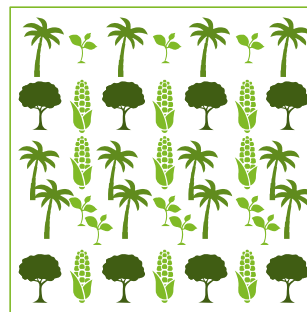
Year 0



Year 1



Year 3



Year X

Agroforestry:

- Improving soil health
- Increased climate change & weather resilience
- Diverse & high quality nutrients
- Improved yield per ha
- Diversified income streams
- Afforestation

Higher investment costs



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Agroforestry strongly improved livelihoods for coffee farmers in Tanzania

PROJECT EXAMPLE

Kaderes

- Kaderes, a coffee farmer cooperative in the Victoria Basin, Tanzania
- 2,000 farmers onboarded initially, with potential to grow to 20,000
- *Intervention:* providing training and saplings (banana and shade trees in between coffee crops) to farmers

Agroforestry intervention



Sequestering carbon (400Kt CO₂ in 20 years) and fostering increased biodiversity

Benefits for farmers



60-100% income increase through:

- Coffee yield increase from shade trees
- Additional revenue from banana trees
- Proceeds from CRU sales through Acorn platform (5% - 15% of total income benefit)



Improved soil quality

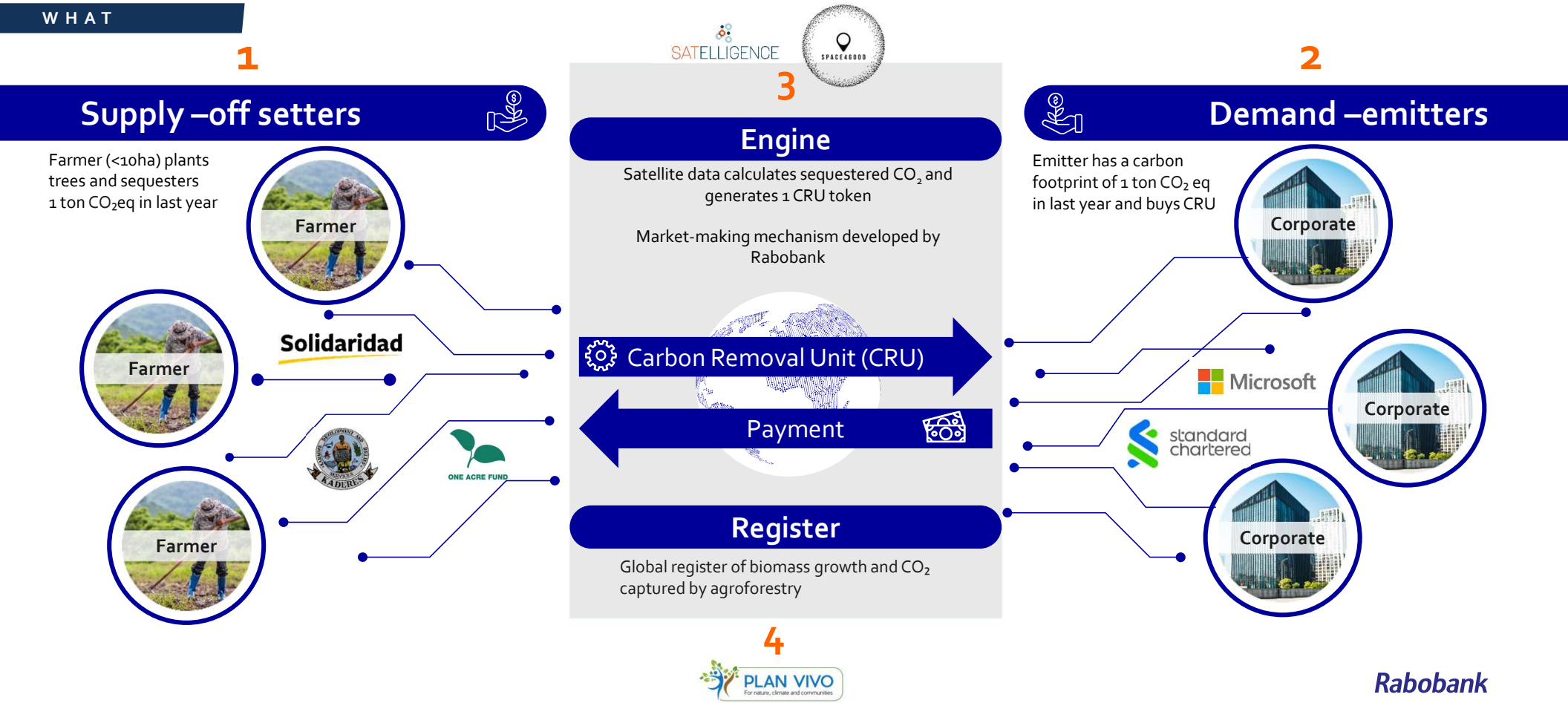


Improved weather resistance

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Acorn is a scalable marketplace that measures and monitors carbon sequestration through remote sensing technology and an umbrella certification scheme through Plan Vivo



Acorn has seen great traction across regions with especially strong presence in LATAM and Africa

GEOGRAPHICAL OVERVIEW



Acorn activity

1. ~EUR 13M raised by Solidaridad Network for Acorn projects

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Acorn projects have combined

~25k
Farmers onboarded

~33
Partners across 6 countries

~200.000 tonnes CO₂
worth of CRUs sold to offtakers

Anchor offtakers

Standard Chartered



Microsoft

dL financial solutions partner

Acorn has solved key challenges, but pre-financing of projects is not yet solved

VALUE PROPOSITION

Key challenges
for smallholder
agroforestry



**Currently low reward
for smallholder farmers**
need for fair pay-out



**High monitoring costs
throughout the project**
need for scalability



**High certification costs
for each project**
need for scalable approach

Gold
Standard

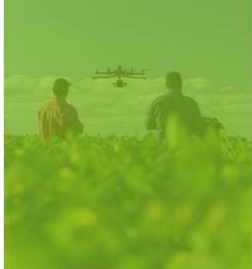
VERRA



**High investment costs
in first few years**
need for pre-finance



Unique elements
of Acorn
proposition



80% of CRU income to farmer



**Scalable, low-cost and
accurate verification** via
satellite-base remote sensing
of biomass growth



**Scalable, low-cost carbon
verification**, certified and
approved by Plan Vivo
Foundation, methodology
approved by verifier (Aenor
and SCS Global)

PLAN VIVO
For nature, climate and communities

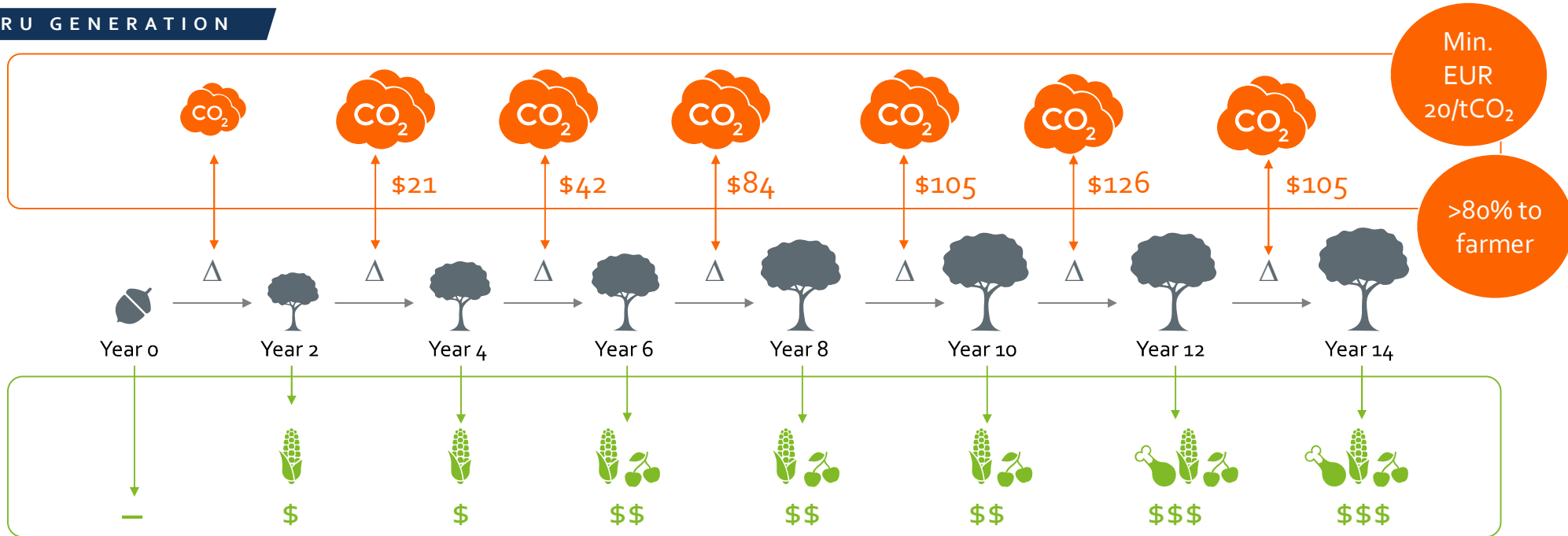
Scalable pre-financing
pooling smallholder farmers
and paying investors directly
from CRU proceeds



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Farmers can repay an initial investment in tree planting and training over time through international cash flows from yearly generated Carbon Removal Units (CRUs)

CRU GENERATION



Grace period

No CRU generation due to ex-post CRUs: no repayments and interest

Repayment period

Repayments through cash sweep, increasing over time following tree growth curve

After debt repayment

80% of CRU proceeds and full additional yield revenues flow to farmer

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(Finance) challenges we encountered



1

Due to investor requirements, local communities not compensated fairly



BP exploited Mexican communities hoping to benefit from carbon credits: report

by Maxwell Radwin on 7 July 2022

2

Carbon market perception due to low quality credits without objective measurement of impact or additionality

FT

Critics take aim at 'wild west' carbon offset market

Booming sector can be a cheap but opaque way for polluters to claim emission reductions

3

Climate / Agri funds have very specific eligibility criteria

4

Making investors aware that the current finance requirement do not fit NbS

- Longer tenors needed
- High interest rates (15-25%)
- Farmer lack steady cashflow or collateral

5

Other challenges

- The last mile
- FX challenges
- Governmental regulation (e.g. NDC's, taxation)
- Reducing operational risks

6

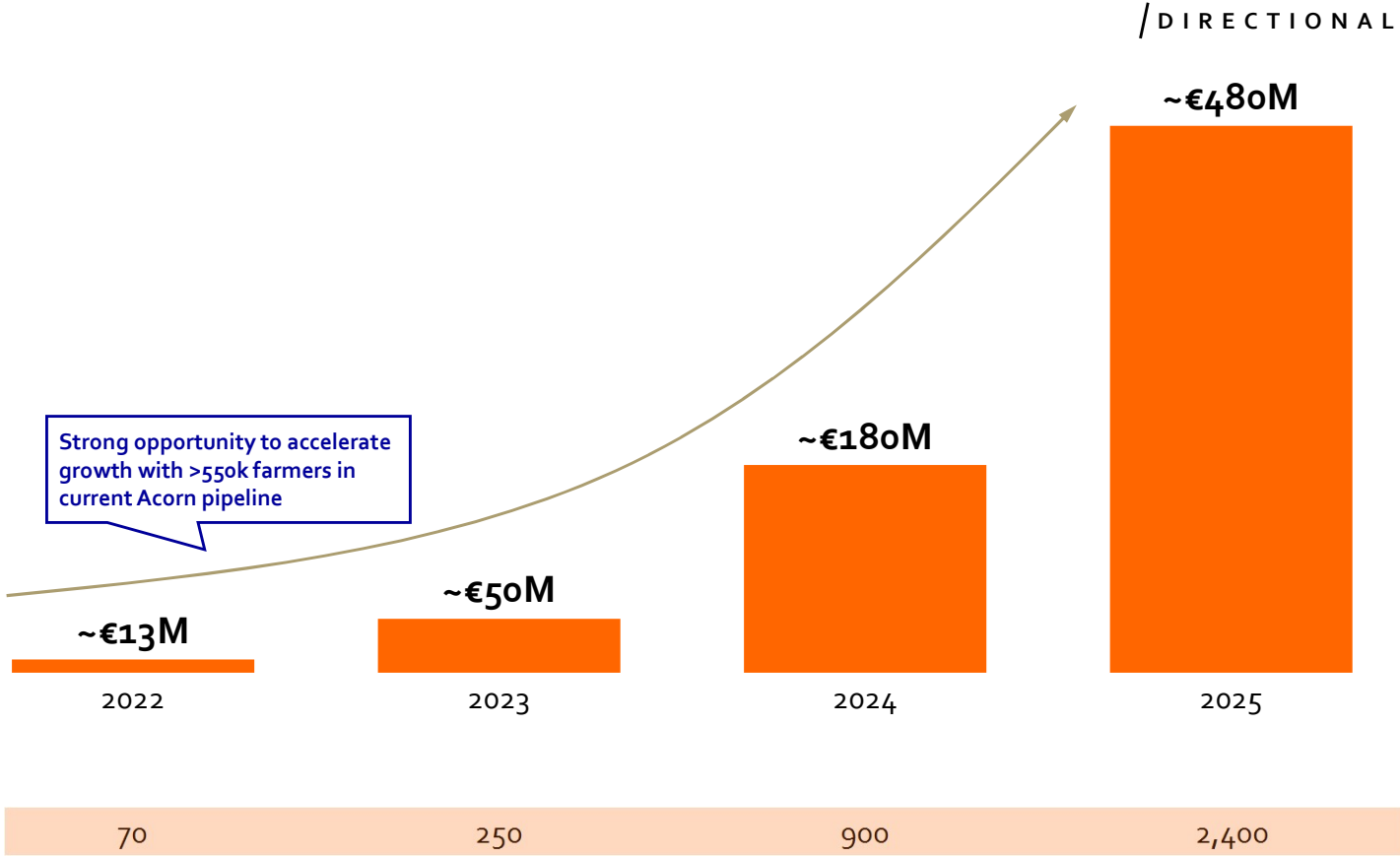
Scaling opportunities

- Matching process time consuming
- Lack of cheap liquidity local FI's
- Need for risk reduction

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Acorn projects will need €150-200M in funding over the next two years

FUNDING NEED





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Cooperative carbon finance with carbon credits as collateral can accelerate financial inclusion in emerging markets

MFI VS CARBON FINANCE

Traditional finance by MFIs

- Limited liquidity / risk appetite
 - No access to cashflows for investors
 - High individual farmer risk
 - High administration cost per farmer
- 
- Short duration (weeks, months, year)
 - High (15% - 25%) interest rates
- 
- Low scalability depending on local players & conditions

Cooperative carbon finance as gamechanger

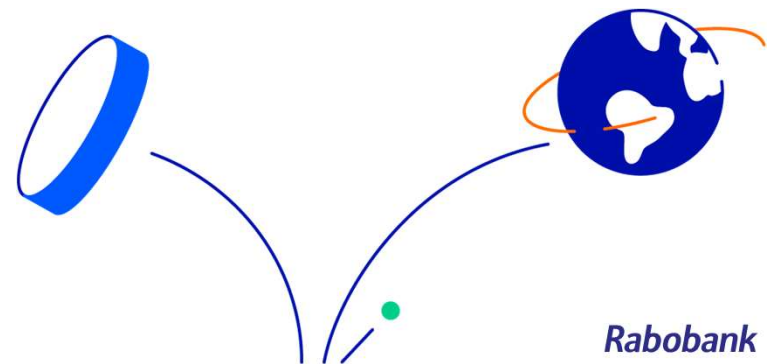
- Carbon proceeds flow from Acorn directly to investor
- Cooperative finance through group repayments reduces risk for investors



- Long tenors (up to ten years)
- Lower, fair interest rates (4% - 8%)



- High scalability possible



Acorn provides a unique investment opportunity against other funds

VALUE PROPOSITION



1

Local communities compensated fairly

- **80% of CRU proceeds go directly to farmer** and 10% to local partners
- Credits sold **at market prices** to ensure fair pricing
- **Low interest rates** (4-8%)
- **No recourse on local communities** when project fails

2

High quality credits with objective measurement, impact and additionality

- **Carbon sequestration monitored through satellite-based imagery**
- **Additionality guaranteed:** direct link between investment and measured carbon sequestered
- **Quality verified by Plan Vivo** (ICROA recognized certifier)

3

Strong project pipeline

- **Strong pipeline** with almost 600k farmers
- Involvement of **reputable Local Partners** like Solidaridad, One Acre Fund, Global EverGreening Alliance
- **Proven execution track record:** >10 successful projects

4

Finance that suits farmer needs

- **Longer tenors** (8-10 years) that fit NbS requirements
- Fair **interest rates** (4-6%)
- Carbon proceeds flows **directly** to investors
- **No cash out** of pocket farmers

5

Other challenges

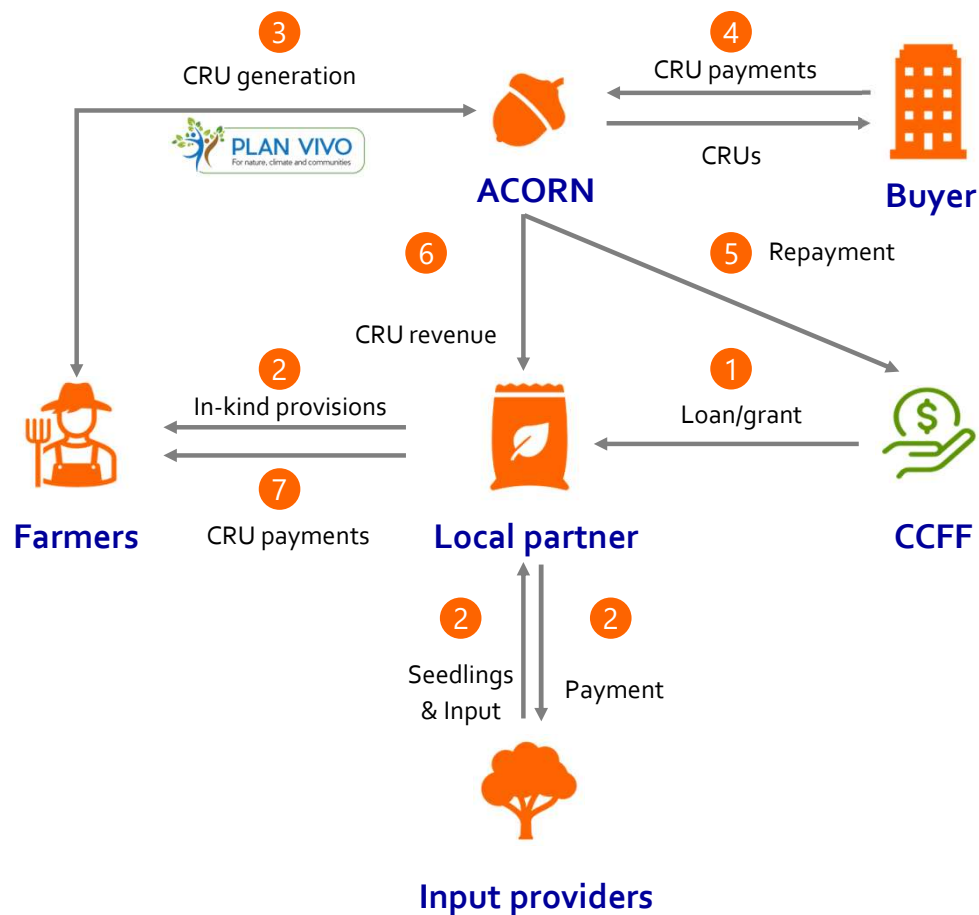
- **No FX risk** for farmers / investors
- Working with local partners that have existing payment methods and working on new **payment** solutions

6

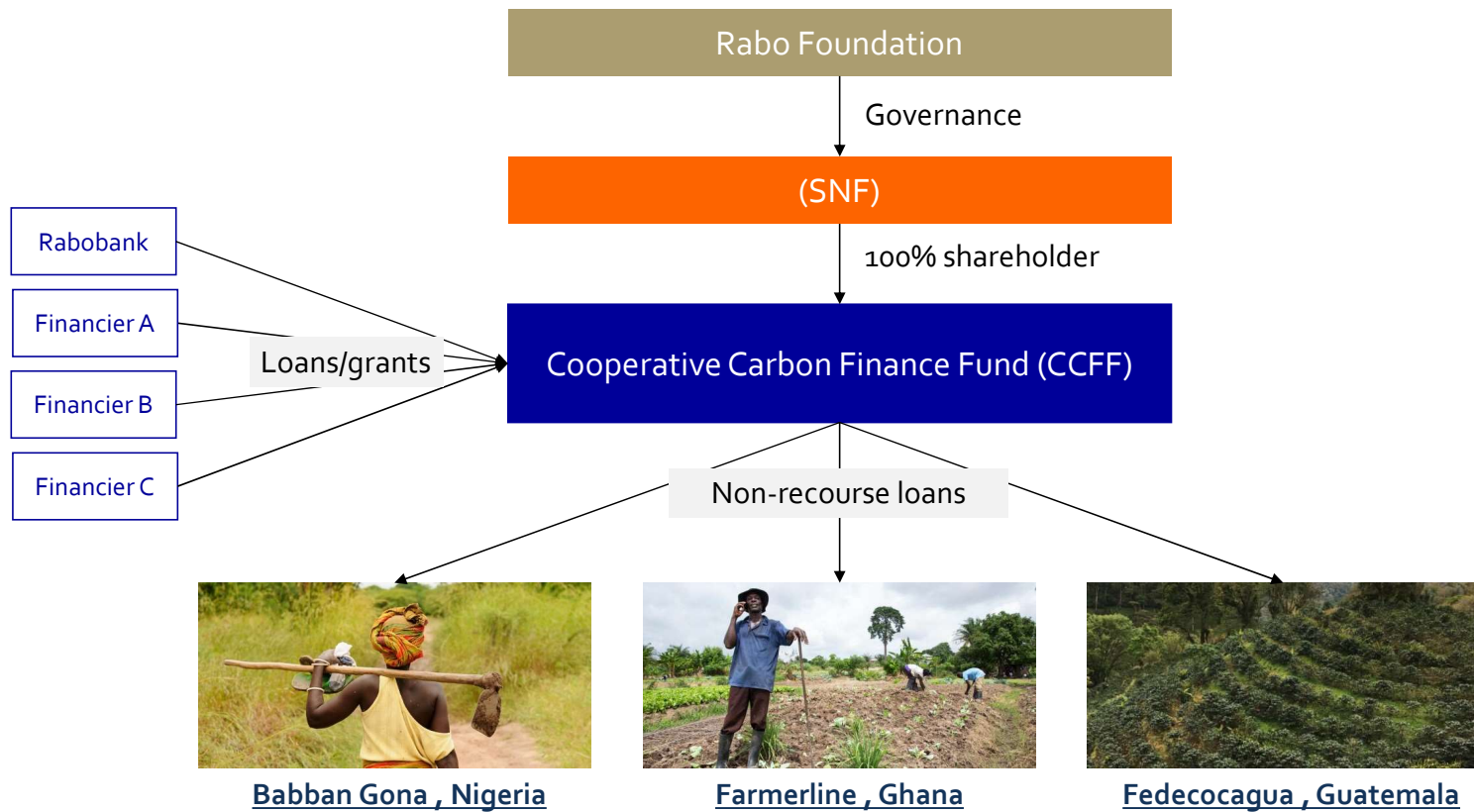
- Building **track record** for larger fund
- Mitigating **risk** by global approach

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The Cooperative Carbon Finance Facility (CCFF) enables farmers to indirectly repay the initial investment for the agroforestry transition through future carbon proceeds

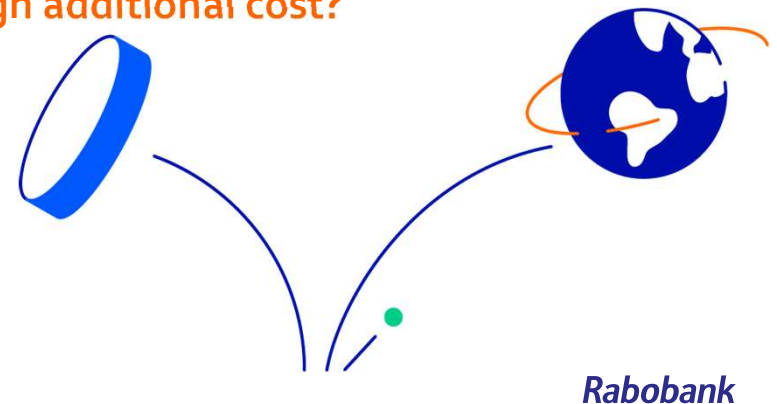



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Can payments for climate services accelerate financial inclusion in emerging markets?

- Can carbon credits help solve the pre-finance needs and how?
- Can we enhance a CRU by adding biodiversity and other KPI's, are corporates, investors willing to pay a higher price for these additional impact indicators (and for how long)
- How can local FI's develop services that suit the needs of the farmers wanting to take climate/resilience action?
- How can we reduce operational risks that do not result in high additional cost?



An aerial photograph of a lush tropical forest. The forest is dense with various green plants, including palm trees and broad-leafed shrubs. In the center-left, there is a small clearing with a wooden hut and a white vehicle. To the right, there is a larger clearing with a white building and a smaller white structure. The ground is a mix of green vegetation and reddish-brown soil.

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